WHAT IS CLAIMED IS:

1.   A method of trading an airline fare product, comprising:

providing a derivative product wherein the derivative product is based on a forward

contract for the purchase of at least one airline fare product; and

5   at least one of selling, trading, and executing the derivative product.

2.   The method of trading an airline fare product of claim 1, wherein the

derivative product is a call option.

10   3.   The method of trading an airline fare product of claim 1, wherein the

derivative product is a put option.

4.   The method of trading an airline fare product of claim 1, wherein the

derivative product is a forward.

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5.   The method of trading an airline fare product of claim 1, wherein the

derivative product is a future.

6.   The method of trading an airline fare product of claim 1, wherein the

20   derivative product is a swap.

7.   The method of trading an airline fare product of claim 1, wherein the

derivative product is a swaption.

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8.   The method of trading an airline fare product of claim 1, wherein the derivative product is a strategy composed of a combination of call options, put options, forwards, futures, swaps, and/or swaptions.

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9.   The method of trading an airline fare product of claim 1, wherein the derivative product is based on at least one of a fixed airline fare, availability of the airline fare product, a commission associated with the sale of the airline fare product, a volume discount of the airline fare product, a purchasing time limit for the airline fare product, and inventory

10   of the airline fare product.

10.   The method of trading an airline fare product of claim 1, wherein the derivative product is based on at least one of a hard block interline code-sharing marketing agreement, a soft block code interline code-sharing marketing agreement, a sell and report

15   interline code-sharing marketing agreement, and an Available Seat Mile (ASM) buy interline code-sharing marketing agreement

11.   The method of trading an airline fare product of claim 1, wherein the forward contract is a commission agreement.

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12.   The method of trading an airline fare product of claim 1, wherein the forward contract is a net fare agreement.

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13.   The method of trading an airline fare product of claim 1, wherein the forward contract is a block space agreement.

14.   The method of trading an airline fare product of claim 1, wherein the forward contract is a hard block interline code-share agreement.

15.   The method of trading an airline fare product of claim 1, wherein the forward contract is a soft block interline code-share agreement.

16.   The method of trading an airline fare product of claim 1, wherein the forward contract is a sell and report interline code-share agreement.

17.   The method of trading an airline fare product of claim 1, wherein the forward contract is an Available Seat Mile (ASM) buy interline code-share agreement.

18.   A method of trading derivative products related to airline fare products, comprising:

transforming negotiated airline fare agreements between parties comprising suppliers and distributors into derivative products;

monetize the embedded forwards and options with the distribution of airline fare products; and

at least one of selling, trading, and executing the derivative products.

19.   The method according to claim 18, wherein transforming includes:

determining a standardized unit of distribution for the capacity driven industry; and

defining a unit available for purchase in the derivative product.

5   20.   The method according to claim 19, wherein defining includes:

defining contractual arrangements which govern the distribution of the unit available

for purchase; and

defining distribution arrangements required to generate a reservation for use of the

unit available for purchase.

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21.   The method according to claim 19, wherein transforming includes establishing

a verifiable financial evaluation of a fair market value for the unit available for purchase.

22.   The method according to claim 21, further comprising:

15   designing derivative contracts based on the verifiable financial evaluation for the unit

available for purchase.

23.   The method according to claim 22, wherein the derivative contracts comprise

specifications for the unit available for purchase, time of expiration, strike price formulation,

20   and quality standards, and further comprise exotic features to match characteristics of

industry specific distribution relationships.

24. The method according to claim 22, wherein the derivative contracts comprise specifications for the unit available for purchase and further comprise exotic features to match characteristics of industry specific distribution relationships.

5 25. The method according to claim 18, wherein transforming includes providing information channels to insure all future parties buying and selling the derivative products have access to financial data required to validate fair market value of the derivative products in substantially in real time.

10 26. The method according to claim 18, wherein transforming includes collecting data on influencing factors and informational variables for the derivative products.

27. The method according to claim 26, further comprising:

determining a price for the derivative product using a pricing engine.

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28. The method according to claim 27, wherein the pricing engine includes pricing models which incorporate at least one of a model of fair market value and trends thereof, an estimation of cost of supplying liquidity, and a probability of transaction prior to expiration of contracts.

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29. The method according to claim 28, wherein said pricing engine includes a software system capable of pricing the derivative product, the pricing engine further comprising:

a historical pricing database which records pricing and availability data used to

compute price volatility and trends of the derivative product;

a statistical computation subsystem which tracks price volatility, trends, and price

history of the derivative product and prepares historical data for use in pricing computation;

5   and

a real time pricing computation subsystem which computes and posts current prices of

derivative products being traded.

30.   The method according to claim 29, wherein said pricing engine includes a

10   software system capable of pricing the derivative product, the pricing engine further

comprising:

a historical pricing database which records pricing and availability data used to

compute price volatility and trends of the derivative product;

a statistical computation subsystem which tracks price volatility, trends, and price

15   history of the derivative product and analyzes historical data for use in pricing computation;

and

a real time pricing computation subsystem which computes and posts current prices of

derivative products being traded.

20   31.   The method according to claim 19, wherein transforming includes:

building a forecast model for the unit for purchase's financial worth; and

determining an amount of volatility of the forecast model over a predetermined period

of time.

32. The method according to claim 18, wherein transforming includes:

establishing accounting systems and financial institutions to guarantee the derivative

products are honored and to evaluate a financial worth of portfolios.

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33. The method according to claim 32, wherein the evaluation includes using one

of marking-to-model and marking-to-market techniques.

34. The method according to claim 32, wherein the guaranteeing includes one of

10 using credit risk estimation and employing a clearinghouse functionality, backing options,

assigning option executions to obligated parties, and holding margin accounts.

35. The method according to claim 18, wherein transforming includes providing a

mechanism to distribute the derivative products.

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36. The method according to claim 35, wherein the mechanism includes one of

over-the-counter investment style banking services and exchange trading.

37. The method according to claim 18, wherein the derivative products include

20 option contracts and wherein the negotiated agreements between said parties are transformed

into an option contract by an investment services provider.

38. The method according to claim 37, wherein the investment service provider issues said option contract, takes the opposite side of the issued contract, guarantees the contract, and sells complimentary agreements to distributors in a business-to-business marketplace.

39. The method according to claim 37, wherein the supplier in said capacity driven industry uses said investment services provider to broker a derivatives-based distribution agreement between said supplier and said distributor.

40. The method according to claim 39, wherein the derivatives-based distribution agreement comprises a network of rights, the network of rights comprises:

an ability to reserve a service of a specified quality, at a specified time;

a guarantee of availability,

pricing agreements,

commissions and discounts,

reservation time limits,

distribution rights, and

bundling rights.

41. A method of trading derivative products related to airline fare products, comprising:

transforming interline code-sharing agreements between parties comprising a supplying air carrier and marketing air carrier into derivative products;

monetize the embedded forwards and options with the distribution of airline fare

products; and

at least one of selling, trading, and executing the derivative products.

5   42.   The method according to claim 41, wherein transforming includes:

determining a standardized unit of distribution for the capacity driven industry; and

defining a unit available for purchase in the derivative product.

43.   The method according to claim 42, wherein defining includes:

10   defining contractual arrangements which govern the distribution of the unit available

for purchase; and

defining distribution arrangements required to generate a reservation for use of the

unit available for purchase.

15   44.   The method according to claim 42, wherein transforming includes establishing

a verifiable financial evaluation of a fair market value for the unit available for purchase.

45.   The method according to claim 44, further comprising:

designing derivative contracts based on the verifiable financial evaluation for the unit

20   available for purchase.

46.   The method according to claim 45, wherein the derivative contracts comprise

specifications for the unit available for purchase, time of expiration, strike price formulation,

and quality standards, and further comprise exotic features to match characteristics of industry specific distribution relationships.

47.   The method according to claim 45, wherein the derivative contracts comprise specifications for the unit available for purchase and further comprise exotic features to match characteristics of industry specific distribution relationships.

48.   The method according to claim 41, wherein transforming includes providing information channels to insure all future parties buying and selling the derivative products have access to financial data required to validate fair market value of the derivative products in substantially in real time.

49.   The method according to claim 41, wherein transforming includes collecting data on influencing factors and informational variables for the derivative products.

50.   The method according to claim 49, further comprising:

determining a price for the derivative product using a pricing engine.

51.   The method according to claim 50, wherein the pricing engine includes pricing models which incorporate at least one of a model of fair market value and trends thereof, an estimation of cost of supplying liquidity, and a probability of transaction prior to expiration of contracts.

52.   The method according to claim 51, wherein said pricing engine includes a
software system capable of pricing the derivative product, the pricing engine further
comprising:

a historical pricing database which records pricing and availability data used to

5   compute price volatility and trends of the derivative product;

a statistical computation subsystem which tracks price volatility, trends, and price
history of the derivative product and prepares historical data for use in pricing computation;
and

a real time pricing computation subsystem which computes and posts current prices of

10   derivative products being traded.

53.   The method according to claim 52, wherein said pricing engine includes a
software system capable of pricing the derivative product, the pricing engine further
comprising:

15   a historical pricing database which records pricing and availability data used to
compute price volatility and trends of the derivative product;

a statistical computation subsystem which tracks price volatility, trends, and price
history of the derivative product and analyzes historical data for use in pricing computation;
and

20   a real time pricing computation subsystem which computes and posts current prices of
derivative products being traded.

54.   The method according to claim 42, wherein transforming includes:

building a forecast model for the unit for purchase's financial worth; and

determining an amount of volatility of the forecast model over a predetermined period

of time.

5   55.   The method according to claim 41, wherein transforming includes:

establishing accounting systems and financial institutions to guarantee the derivative

products are honored and to evaluate a financial worth of portfolios.

        56.   The method according to claim 55, wherein the evaluation includes one of

10   using marking-to-model and marking-to-market techniques.

        57.   The method according to claim 55, wherein the guaranteeing includes one of

using credit risk estimation and employing a clearinghouse functionality, backing options,

assigning option executions to obligated parties, and holding margin accounts.

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        58.   The method according to claim 41, wherein transforming includes providing a

mechanism to distribute the derivative products.

        59.   The method according to claim 58, wherein the mechanism includes one of

20   over-the-counter investment style banking services and exchange trading.

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60.   The method according to claim 41, wherein the derivative products include option contracts and wherein the negotiated agreements between said parties are transformed into an option contract by an investment services provider.

5   61.   The method according to claim 60, wherein the investment service provider issues said option contract, takes the opposite side of the issued contract, guarantees the contract, and sells complimentary agreements to distributors in a business-to-business marketplace.

10   62.   The method according to claim 60, wherein the supplier in said capacity driven industry uses said investment services provider to broker a derivatives-based distribution agreement between said supplier and said distributor.

63.   The method according to claim 62, wherein the derivatives-based distribution

15   agreement comprises a network of rights, the network of rights comprises:

an ability to reserve a service of a specified quality, at a specified time;

a guarantee of availability,

pricing agreements,

commissions and discounts,

20   reservation time limits,

distribution rights, and

bundling rights.